

(2) *Example.* The provisions of this paragraph may be illustrated by the following example:

Example. W, X, Y, and Z are oil companies that own equal interests in oil produced on the Outer Continental Shelf. W was selected to be the operator of the offshore facility. Additionally, X, Y, and Z authorized W to file Form 6009 and to pay the fee imposed by section 302(d) of the Act on the oil produced at this facility. Pursuant to this authorization, W paid a fee of \$16,600. Since the ownership of the oil is divided equally among W, X, Y, and Z, each company's share of the fee is \$4,150.

(e) *Penalty and Interest.* Failure to collect or pay the fee shall result in a civil penalty assessed by the Secretary of the Treasury. The amount of the penalty is not to exceed \$10,000 in addition to the fee and the interest on the unpaid fee that would have been earned if paid when due and invested in the special Treasury securities which are to be purchased by the fund. The computation of the rate of interest to be levied on underpayment of fees shall be based on the average interest rate earned by the interest-bearing special obligations of the United States in the fund for each calendar quarter for which there is underpayment. Unless it can be shown that the failure to collect or pay the fee is due to reasonable cause and not due to the willful neglect, the amount of the penalty is the lesser of—

- (1) \$10,000 or
- (2) The amount of the fee.

(Sec. 302(d) of the Outer Continental Shelf Lands Act Amendments of 1978 (92 Stat. 672) and sec. 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805))

[T.D. 7697, 45 FR 33975, May 21, 1980]

§ 301.9001-2 Definitions.

The terms enumerated in this section are to be defined for the purposes of §§301.9001-1, 301.9001-2, and 301.9001-3 in the following manner:

(a) "Barrel" means 42 United States gallons at 60 degrees Fahrenheit.

(b) "Oil" means petroleum, including crude oil or any fraction or residue therefrom, and natural gas condensate, except that the term does not include natural gas.

(c) "Person" means an individual, firm, corporation, association, partner-

ship, consortium, joint venture, or governmental entity.

(d) "Outer Continental Shelf" means all submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 1301 of title 43 and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control;

(Sec. 302(d) of the Outer Continental Shelf Lands Act Amendments of 1978 (92 Stat. 672) and sec. 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805))

[T.D. 7697, 45 FR 33976, May 21, 1980]

§ 301.9001-3 Cross reference.

See the Coast Guard regulations under 33 CFR parts 135 and 136 for rules relating to the implementation of the Act.

(Sec. 302(d) of the Outer Continental Shelf Lands Act Amendments of 1978 (92 Stat. 672) and sec. 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805))

[T.D. 7697, 45 FR 33976, May 21, 1980]

§ 301.9100-0 Outline of regulations.

This section lists the paragraphs in §§ 301.9100-1 through 301.9100-3.

§ 301.9100-1 Extensions of time to make elections.

- (a) Introduction.
- (b) Terms.
- (c) General standards for relief.
- (d) Exceptions.
- (e) Effective dates.

§ 301.9100-2 Automatic extensions.

- (a) Automatic 12-month extension.
 - (1) In general.
 - (2) Elections eligible for automatic 12-month extension.
- (b) Automatic 6-month extension.
- (c) Corrective action.
- (d) Procedural requirements.
- (e) Examples.

§ 301.9100-3 Other extensions.

- (a) In general.
- (b) Reasonable action and good faith.
 - (1) In general.
 - (2) Reasonable reliance on a qualified tax professional.
 - (3) Taxpayer deemed to have not acted reasonably or in good faith.
- (c) Prejudice to the interests of the Government.
 - (1) In general.
 - (i) Lower tax liability.
 - (ii) Closed years.